

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 205 Transportation and Sale of Cigarettes
SPONSOR(S): Altman and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 816

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Business Regulation Committee		Morris	Liepshutz
2) Finance & Tax Committee			
3) Commerce Council			
4) _____			
5) _____			

SUMMARY ANALYSIS

By some accounts trafficking in counterfeit and contraband cigarettes is of growing concern to cigarette manufacturers and to state and federal regulatory agencies. A 2003 Government Accounting report indicated that illegal cigarettes were the number one seized product in the United States in 2002 with theft, hijackings and counterfeiting of cigarettes and tax stamps on the rise. Other statistics point to the internet as one of the sales outlets of choice for counterfeit and stolen cigarettes.

This legislation implements a structured three-tiered system for cigarette distribution: manufacturer or importer to wholesale dealer to retail dealer. The legislation adds manufacturers and importers to the list of entities that must have permits in order to operate in the state, implements additional reporting requirements, and implements significantly increased penalties for violations of the cigarette statute. This structured distribution system with its accompanying reporting requirements and penalty provisions is intended to assist the Division in tracking the movement of cigarettes in the state, ensuring that applicable taxes are collected, and preventing the sale of counterfeit or contraband products

The Division of Alcoholic Beverages and Tobacco, Department of Business and Professional Regulation, indicates the cost of implementation to be approximately \$500,000 for the first year and approximately \$275,000 in subsequent years. It is unknown to what extent this legislation may generate additional excise tax and sales tax revenue for the state.

The legislation requires that the act take effect upon becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government--The bill creates new permits for cigarette manufacturers and importers. The bill also creates new regulatory and audit responsibilities for the Division of Alcoholic Beverages and Tobacco in the Department of Business and Professional Regulation.

Ensure Lower Taxes--The bill establishes an annual renewal fee of \$100 for manufacturer and importer permits.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The Division of Alcoholic Beverages and Tobacco [Division] in the Department of Business and Professional Regulation oversees the regulation of cigarettes and other tobacco products and the collection of excise taxes on those products. Specifically, Part I of chapter 210, Florida Statutes, concerns the taxation and regulation of cigarettes, Part II of chapter 210, Florida Statutes, concerns the taxation and regulation of other tobacco products, e.g., chew, snuff, etc., and chapter 569 concerns the retail sale of all types of tobacco. Section 210.15, F.S., requires every person, firm or corporation desiring to deal in cigarettes in Florida as a distributing agent, wholesale dealer, or exporter to apply for a cigarette permit. Similarly s. 569.003, F.S., requires every person, firm or corporation desiring to sell cigarettes or other tobacco products at retail to obtain a retail tobacco products dealer permit.

A “distributing agent” is one who receives cigarettes in interstate or intrastate commerce and distributes them to wholesalers or to other distributing agents inside or outside of the state. A “wholesale dealer” sells cigarettes to retail dealers or to other wholesalers. A wholesale dealer may be either a “stamping agent” or non-stamping “tax-paid” wholesaler who receives cigarettes from agents with the tax stamps already affixed. A person who operates cigarette vending machines in more than one place of business is considered a wholesale dealer while a person who operates cigarette vending machines in their own business is considered to be a retail dealer. An “exporter” is a person who transports tax-exempt cigarettes into Florida under bond for delivery beyond the state’s borders. There is no definition for “importer” or “manufacturer” in Part I of chapter 210.

Section 210.06, F.S., requires that the appropriate Florida excise tax stamp be applied before cigarettes can be offered for sale in this state. Stamps representing various denominations of tax are purchased in bulk by wholesale dealers [located within and outside of this state] and are affixed to packages as proof of payment.¹ Sections 210.02 and 210.04, F.S., provide that excise taxes must be paid upon the first sale or transaction within this state whether or not such sale or transfer is to the ultimate purchaser or consumer. Current law is unclear whether cigarette manufactures are considered wholesale dealers for purposes of paying the excise tax. For FY 2003-04, the division collected over \$417 million in state excise tax revenue. Cigarettes that are not properly stamped may not legally be sold in Florida.

Wholesale dealers are required to submit to the division by the 10th day of each month a monthly report of its purchases and sales of cigarettes within or without the state for the preceding month. Out-of-state cigarette sales are reported on a wholesale dealer’s monthly report as exempt from the excise tax because the tax applies only to sales in Florida.

¹ The excise tax on a standard pack of 20 cigarettes is 33.9 cents.

Federal Regulation

The Bureau of Alcohol, Tobacco and Firearms [ATF] in the U. S. Department of the Treasury enforces Chapter 52 of Title 26 of the United States Code and Chapter 114 of Title 18 of the United States Code. Chapter 52 of Title 26, U.S.C., deals mainly with the permits required for the manufacture, importation and other operations involving tobacco products, including federal excise taxes. Chapter 114 of Title 18, U.S.C., deals with trafficking in contraband cigarettes.

Counterfeit, Contraband and Gray Market Cigarettes

According to an ATF spokesman, as quoted in a 2003 Government Accounting report, illegal cigarettes were the number one seized product in the United States in 2002 with theft, hijackings and counterfeiting of cigarettes and tax stamps on the rise.² The same report also indicates that international terrorist groups have engaged in the trafficking of contraband cigarettes and counterfeit tax stamps as a means of fund-raising to support their activities.³ A December 2002 Morgan Stanley report estimates that counterfeit cigarettes account for an approximate 2% and growing market share volume in the United States.⁴ A January 7, 2005 News Release from U. S. Immigration and Customs Enforcement cited an investigation of an international cigarette smuggling network that distributed 2,313 cases of counterfeit cigarettes with a retail value of approximately \$5.4 million. According to the News Release, the organization was receiving counterfeit and contraband cigarettes from Florida and Texas companies as well as manufacturers in Taiwan and China. The loss of revenue to the federal government and state governments of New York, California and Texas was approximately \$9.2 million.⁵

According to an industry publication, Internet and mail-order sales of consumer goods, including tobacco products, are the fastest-growing businesses in the United States.⁶ The Internet is one of the sales outlets of choice for counterfeit volume, stolen cargo and stolen retail volume, as well as gray market products. The federal Jenkins Act⁷ requires any person who sells and ships tobacco products into a state to a consumer, other than a licensed distributor, to report the sale to the buyer's regulatory agency; however, according to many industry reports, this statute is not aggressively enforced. The Division reports that it has received reports under the Jenkins Act from only a few out of state suppliers and lacks jurisdiction to require compliance.

Summary of Legislation

This bill makes numerous changes to Part I of chapter 210, Florida Statutes, pertaining to cigarette permitting, stamping, and reporting requirements. The primary changes involve the institution of a three-tiered distribution system, additional reporting requirements and increased penalty provisions.

The three-tiered distribution system provides that a manufacturer, importer, or a distributing agent acting on behalf of a manufacturer or importer, may sell and distribute cigarettes only to wholesale dealers and wholesale dealers may only sell and distribute cigarettes to retail dealers or other wholesale dealers. Retailers may only purchase cigarettes from wholesale dealers.

² *Terrorist Financing: U.S. Agencies Should Systematically Access Terrorists' Use of Alternative Financing Mechanisms*, GAO Report 04-163, November 2003.

³ *ibid* @ 6

⁴ *State of the US Cigarette Industry: Not a Pretty Picture*, MorganStanley, Tobacco – December 13, 2002

⁵ *El Paso Man Sentenced in Cigarette Smuggling Case*, U. S. Immigration and Customs Enforcement, U. S. Department of Homeland Security, January 7, 2005 found @ <http://www.ice.gov/graphics/news/newsreleases/articles/elpaso010705.htm> [last visited February 15, 2005].

⁶ *Rise of the Rebels*, Tobacco Reporter, September 2003

⁷ Jenkins Act, 15 U.S.C., s. 375-378, provides that any person who advertises cigarettes for sale or who ships cigarettes into a state to any person other than a licensed cigarette distributor must file a statement with the appropriate state agency that lists the seller's name, trade name, and address of all business locations as well as the name and address of the person to whom the shipments were made, the brand and quantity of cigarettes shipped. A violation of the Act is a federal misdemeanor.

This structured distribution system with its accompanying reporting requirements and penalty provisions is intended to assist the Division in tracking the movement of cigarettes in the state, ensuring that applicable taxes are collected, and preventing the sale of counterfeit or contraband products.

New or Clarified Definitions

The bill creates definitions for the previously undefined classes of “importer” and “manufacturer.” “Importers” are defined as one who, directly or indirectly, imports finished cigarettes into the state and are required to hold a valid federal permit [26 U.S.C. s. 5712]. A “manufacturer” is defined as a person who manufactures, fabricates, assembles, processes, or labels a finished cigarette.

This legislation expands the definition of “wholesale dealer” to clarify that the term includes persons located outside of the state who sell cigarettes to retail dealers or other persons for purposes of resale in Florida. The expanded definition excludes manufacturers, export warehouse proprietors or importers who are properly licensed under federal law [26 U.S.C. s. 5712] if that manufacturer, export warehouse proprietor or importer sells or distributes cigarettes in Florida only to wholesale dealers who are properly licensed stamping agents or to export warehouse proprietors or other manufacturers. This definition attempts to clarify that those entities are not wholesale dealers responsible for affixing tax stamps to cigarette packages. The amended definition also excludes vending machine operators from the definition of wholesale dealer.

A “retail dealer” is defined as a person, other than a wholesale dealer, located inside or outside this state that sells cigarettes, and the definition captures retail dealers licensed pursuant to s. 569.003, Florida Statutes. Vending machine operators will be considered retail dealers.

New Regulatory Provisions

A newly created s. 210.085, Florida Statutes, establishes a chain of distribution for cigarettes in Florida: manufacturers or importers sell to wholesale dealers or importers who sell to retailers or other wholesale dealers. An importer may purchase cigarettes only from a manufacturer; a wholesale dealer may purchase cigarettes only from a manufacturer or importer or may purchase stamped cigarettes from another wholesale dealer; a retail dealer may only purchase cigarettes from a wholesale dealer. Cigarette distributing agents hold or transport cigarettes on behalf of manufacturers or importers but do not own or sell the product.

Section 210.09, Florida Statutes, requires anyone possessing or transporting unstamped cigarettes in Florida to have invoices or delivery tickets for the unstamped cigarettes in his or her actual possession. This section is further amended by this legislation to require any person who ships unstamped cigarettes into Florida to anyone other than a wholesale dealer to notify the division prior to shipment. This new provision does not apply to common or contract carriers operating with a proper bill of lading or freight bill that states the quantity, source, and destination of the cigarettes. The Division or any law enforcement officer is authorized to stop and inspect these vehicles for contraband cigarettes upon reasonable grounds.

Distributing agents, wholesalers, retailers, common carriers and any other person handling, transporting or possessing cigarettes for sale or distribution in the state are required to maintain records of cigarettes received, sold or delivered within Florida and make reports to the Division by the 10th day of the month. Records must be maintained for a period of three years and must be available for inspection and audit by the Division. This bill adds manufacturers and importers to the list of entities required to comply with these requirements but does not include those two groups in the reporting requirements found in s. 210.09(2), Florida Statutes.

Section 210.06(1), Florida Statutes, requires dealers located inside or outside of Florida to apply the cigarette excise tax stamp before cigarettes are offered for sale in Florida. This bill requires wholesalers

in Florida to apply the tax stamp within 10 days of receipt of the cigarettes and requires wholesale dealers outside of Florida to apply the stamps before shipping cigarettes into Florida. This subsection excludes cigarettes with a federal exemption, or an exemption under Part I of ch. 210, from the stamping requirement. To further the new distribution structure, this subsection provides that wholesale dealers may only stamp cigarettes received from manufacturers or importers with valid permits.

A new subsection (5) is added to s. 210.06, Florida Statutes, to specify that only wholesale dealers receiving unstamped cigarettes directly from a manufacturer or importer may hold or possess unstamped cigarettes. Unstamped inventory is required to be kept separate from stamped inventory and unstamped cigarettes may not be transferred between wholesalers or between facilities of the same wholesaler.

The Division reports that there are approximately 400 wholesale dealers reporting purchases from 78 known manufacturers and importers that are primarily located outside of the state; however, the exact number of entities selling or shipping cigarettes into Florida is unknown.

Permit Renewal Prohibitions

The bill amends s. 210.15, Florida Statutes, and provides that permits for renewal are not renewed as a matter of course but must be subjected to the original standards for issuance and may not be issued, maintained, or renewed if the applicant, its officers, or any person owning more than 10 percent interest:

- Owes \$500 or more in delinquent cigarette taxes;
- Had a cigarette manufacturer, importer, retail dealer, or wholesale dealer permit revoked by the Division within the previous two years;
- Has been convicted of receiving or selling stolen or counterfeit cigarettes or been involved in counterfeiting;
- Has imported cigarettes in violation of federal law; or
- Has imported or manufactured for sale or distribution any cigarettes that do not comply with federal labeling and advertising requirements.

As amended by this bill, s. 210.16, Florida Statutes, requires the Division to revoke the permit of any person who would be ineligible to obtain a new permit under revised s. 210.15, Florida Statutes, or for violations of Part I, Ch. 210 or Chapter 569 and extends the time restriction on renewal from six months to two years.

Additional Enforcement and Penalty Provisions

Increased enforcement and administrative, civil, and criminal penalties are provided in this legislation to deal with counterfeit and contraband products and any other violation of the act.

Section 210.09, Florida Statutes, requires anyone possessing or transporting unstamped cigarettes in Florida to have invoices or delivery tickets for the unstamped cigarettes in his or her actual possession. The bill also permits the Division or its authorized agent, or a law enforcement officer, to stop a vehicle and inspect the vehicle for contraband cigarettes, if the official has knowledge or reasonable grounds to believe that a vehicle is transporting cigarettes in violation of the state's cigarette tax law.

Additional Seizure and Forfeiture Authority

Under current law, the Division is authorized to seize, confiscate, and forfeit for the use and benefit of the state, any cigarettes for which the state's cigarette excise taxes are unpaid (s. 210.12(1), F.S.). The bill extends the division's authority to seize, confiscate, and forfeit cigarettes to any cigarettes that are held in violation of the state's cigarette tax law. The bill requires that all fixtures, equipment, and other

materials and personal property on the premises of a wholesale dealer or retail dealer be forfeited to the state, if the wholesale dealer or retail dealer, with intent to defraud the state:

- Fails to keep or make a required record, return, report, or inventory;
- Keeps or makes a false or fraudulent record, return, report, or inventory;
- Refuses to pay any tax imposed by this part; or
- Attempts to evade or defeat the requirements of the state's cigarette tax law.

The bill prohibits the state from using or benefiting from the seizure, confiscation, and forfeiture of cigarettes and requires the state to destroy these cigarettes.

Additional Criminal Penalties for Tax Evasion

Under current law, a wholesale dealer or retail dealer who violates the cigarette tax law commits a misdemeanor of the first degree, punishable by up to 1 year in prison or up to a \$1,000 fine (s. 210.18(2), F.S.). A subsequent conviction is a felony of the third degree, punishable by up to 5 years in prison or up to a \$5,000 fine, and is subject to the habitual felony offender statute. The bill extends these criminal penalties to all persons. Amended subsection (3) specifies that a person who fails to comply with any requirement of the cigarette tax law, with the intent to defraud the state, commits a felony of the third degree, punishable by up to 5 years in prison or up to a \$5,000 fine, and is subject to the habitual felony offender statute.

Additional Criminal Penalties for the Sale or Possession of Counterfeit Cigarettes

A new subsection (9) in s. 210.18, Florida Statutes, provides that, notwithstanding any other law, a person or a manufacturer, importer, distributing agent, wholesale dealer, or retail dealer who sells or possesses counterfeit cigarettes is subject to the following criminal penalties:

- For a first violation involving less than two cartons of cigarettes, punishment of up to 5 years in prison, up to a \$1,000 fine or five times the retail value of the cigarettes, whichever is greater, or both;
- For a subsequent violation involving less than two cartons of cigarettes, punishment of up to 5 years in prison, up to a \$5,000 fine or five times the retail value of the cigarettes, whichever is greater, or both, and the revocation of the permit by the Division;
- For a first violation involving two or more cartons of cigarettes, punishable by up to 5 years in prison, up to a \$2,000 fine or five times the retail value of the cigarettes, whichever is greater, or both; and
- For a subsequent violation involving two or more cartons of cigarettes, punishable by up to 5 years in prison, a \$50,000 fine or five times the retail value of the cigarettes, whichever is greater, or both, and in the revocation by the Division of the permit.

This provision requires the Division, or a law enforcement agency, to seize counterfeit cigarettes and related machinery and also requires the division to destroy the seized counterfeit cigarettes.

Additional Civil Penalties

A new s. 210.181, Florida Statutes, is created to impose civil penalties, in addition to other penalties provided in the cigarette tax law, against a person who knowingly omits, neglects, or refuses to comply with any duty imposed by the cigarette tax law, or to do or cause to be done anything required by the cigarette tax law, or does anything prohibited by the cigarette tax law and specifies that the person violating these provisions is liable for a \$1,000 fine or five times the retail value of the cigarettes, whichever is greater. This newly created section also imposes civil penalties, in addition to other

penalties provided in the cigarette tax law, against a person who fails to pay any taxes imposed by the cigarette tax law at the time prescribed by law or rules and further specifies that the person is liable for a penalty of five times the unpaid tax due.

C. SECTION DIRECTORY:

Section 1. Amends several definitions in s. 210.01, Florida Statutes.

Section 2. Amends subsection (1) of s. 210.06, Florida Statutes, relating to the affixation of tax stamps and creates a new subsection (5) in section 210.06, Florida Statutes, relating to the possession of unstamped cigarettes.

Section 3. Creates a new s. 210.085, Florida Statutes, establishing a chain of distribution for cigarettes.

Section 4. Amends subsections (1) and (3) and paragraph (a) of subsection (4) of s. 210.09, Florida Statutes, relating to shipments of unstamped cigarettes and the maintenance of records by manufacturers and importers.

Section 5. Amends subsection (1) of s. 210.12, Florida Statutes, and creates new subsections (2) and (3) relating to seizures and forfeitures.

Section 6. Amends subsection (1) of s. 210.15, Florida Statutes, relating to permits.

Section 7. Amends s. 210.16, Florida Statutes, relating to revocation or suspension of permits.

Section 8. Amends subsections (2), (3), and (6) of s. 210.18, Florida Statutes, and creates a new subsection (9) relating to penalties for tax evasion.

Section 9. Creates a new s. 210.181, Florida Statutes, relating to civil penalties.

Section 10. Reenacts paragraph (a) of subsection (1) of s. 772.102, Florida Statutes, relating to criminal activity, for the purpose of incorporating the amendment to s. 210.18, Florida Statutes, in a reference thereto.

Section 11. Reenacts paragraph (a) of subsection (1) of s. 895.02, Florida Statutes, relating to the definition of "racketeering activity", for the purpose of incorporating the amendments to s. 210.18, Florida Statutes, in a reference thereto.

Section 12. Provides that the act will take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Division of Alcoholic Beverages and Tobacco, Department of Business and Professional Regulation provided the following estimate of revenue collections:

REVENUE			
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
License Fees:	\$7,800.00	\$7,800.00	\$7,800.00
Taxes:	Possible, but indeterminate increase	Possible, but indeterminate increase	Possible, but indeterminate increase
Other (identify):	0	0	0
TOTAL:	\$7,800.00	\$7,800.00	\$7,800.00

2. Expenditures:

The Division of Alcoholic Beverages and Tobacco, Department of Business and Professional Regulation provided the following estimate of expenditures:

EXPENDITURES – FUNDING SOURCE (AB&T TRUST FUND)			
Non-Recurring Effects	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
Operating Capital Outlay – State Stds.	7,200	0	0
Other Personal Services – Computer Application Development, Testing and Implementation	200,000	0	0
Expenses – State Stds.	12,920	0	0
Subtotal	220,120	0	0

EXPENDITURES – FUNDING SOURCE (TRUST FUND)			
Recurring Effects	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
Salaries/Benefits # of FTE's			
1 Regulatory Spec. II	38,425	39,386	40,370
2 Revenue Specialist II	73,037	74,863	76,735
1 Tax Auditor II	44,502	45,615	46,755
Expenses	26,052	26,052	26,052
Other (Travel)	93,600	93,600	93,600
Subtotal	275,616	279,516	283,512

The division indicates the need for 1 additional Regulatory Specialist II position in the Bureau of Licensing, and 2 additional Revenue Specialist II positions and 1 Tax Auditor II position in the Bureau of Auditing, to administer this bill, along with space and equipment applicable to the positions.

Non-Operating Expenditures	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
Service Charges (to General Revenue)	569	569	569
Other Indirect Costs			
Subtotal	569	569	569

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent provisions of this legislation limit the sale of counterfeit and contraband cigarettes in the state, cigarette manufacturers' whose products are subject to those abuses will benefit and legitimate businesses protected.

D. FISCAL COMMENTS:

According to the Division of Alcoholic Beverages and Tobacco in the Department of Business and Professional Regulation, in order for the division to permit the new manufacturers and importers and to capture the purchase and sales information required by this bill the division will need an additional four positions in the Tallahassee central office with related projected costs of \$496,305, \$280,085, and \$284,081 in FY 2005-06, FY 2006-07, FY 2007-08, respectively . The positions needed include one Regulatory Specialist II to permit the entities, two Revenue Specialist IIs to capture the reported information, and one Tax Auditor II to audit the permittees. Equipment and space will be needed for these positions, as well as programming to capture, record, and utilize the information.

The department's Division of Information Technology (DIT) will require approximately \$200,000 in non-recurring budget authority for staff augmentation to develop, test and implement the revised computer application. The ongoing support of the computer application can be absorbed under current resources.

In addition, there may be an additional cost incurred by departmental attorneys as well as the Department of Legal Affairs to prosecute offenders.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or cities to spend funds or take an action requiring the expenditure of funds; does not reduce the authority that cities or counties have to raise revenues in the aggregate; and does not reduce the percentage of a state tax shared with cities or counties.

2. Other:

The majority of new entities permitted under this proposed legislation are believed to be located outside of the state. The division may lack legal jurisdiction to require compliance with these permitting and reporting requirements if the out-of-state shippers do not maintain a physical presence in the State of Florida thereby creating a nexus within which to bring them under Florida jurisdiction.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

- The Division reports that in existing law and in this proposed legislation the role of distributing agents is still not clearly defined and suggests that the legislation could include language clarifying that a distributing agent may hold unstamped cigarettes for transfer to a wholesale dealer but may not own or sell cigarettes. In addition, it appears that a scrivener's error failed to include references to distributing agents in several sections of the bill.

- The bill requires manufacturers and importers to obtain permits and maintain specified records which are subject to inspection and audit but does not require them to report activity to the Division on a monthly basis as is required of distributing agents, wholesale dealers, and common carriers. The Division believes the reporting of this information is crucial to the regulation of cigarettes and to the collection of cigarette excise taxes.
- The bill requires manufacturers and importers to obtain permits and establishes the renewal fee at \$100 [the same as for wholesale dealers and exporters] but does not address the initial permit fee for those categories of permits.
- The permit fee for distributing agents is presently set at \$5 initially and at renewal. The Division reports that this fee does not cover the cost of the required investigation at initial issuance or the cost of the annual renewal process.
- The bill, perhaps mistakenly, deletes paragraph (a) of s. 210.18(6), F.S. which specifies that a person, firm, or corporation, other than a licensee under the cigarette tax law, who possesses 50 or fewer cartons of unstamped cigarettes commits a misdemeanor of the second degree.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES